

AN ACT

relating to the creation of the Wright Farm Municipal Management District of Johnson County; providing authority to issue bonds and impose assessments, fees, and taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 4, Special District Local Laws Code, is amended by adding Chapter 3974 to read as follows:

CHAPTER 3974. WRIGHT FARM MUNICIPAL MANAGEMENT DISTRICT OF JOHNSON COUNTY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 3974.0101. DEFINITIONS. In this chapter:

(1) "Board" means the district's board of directors.

(2) "City" means the City of Cleburne, Texas.

(3) "Commission" means the Texas Commission on Environmental Quality.

(4) "Director" means a board member.

(5) "District" means the Wright Farm Municipal Management District of Johnson County.

Sec. 3974.0102. CREATION AND NATURE OF DISTRICT. The district is a special district created under Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

Sec. 3974.0103. PURPOSE; LEGISLATIVE FINDINGS. (a) The creation of the district is essential to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI,

1 Texas Constitution, and other public purposes stated in this  
2 chapter. By creating the district and in authorizing the city and  
3 other political subdivisions to contract with the district, the  
4 legislature has established a program to accomplish the public  
5 purposes set out in Section 52-a, Article III, Texas Constitution.

6 (b) The creation of the district is necessary to promote,  
7 develop, encourage, and maintain employment, commerce,  
8 transportation, housing, tourism, recreation, the arts,  
9 entertainment, economic development, safety, and the public  
10 welfare in the district.

11 (c) This chapter and the creation of the district may not be  
12 interpreted to relieve the city from providing the level of  
13 services provided to the area in the district as of the effective  
14 date of the Act enacting this chapter. The district is created to  
15 supplement and not to supplant the city services provided in the  
16 district.

17 Sec. 3974.0104. FINDINGS OF BENEFIT AND PUBLIC PURPOSE.

18 (a) The district is created to serve a public use and benefit.

19 (b) All land and other property included in the district  
20 will benefit from the improvements and services to be provided by  
21 the district under powers conferred by Sections 52 and 52-a,  
22 Article III, and Section 59, Article XVI, Texas Constitution, and  
23 other powers granted under this chapter.

24 (c) The district is created to accomplish the purposes of a  
25 municipal management district as provided by general law and  
26 Sections 52 and 52-a, Article III, and Section 59, Article XVI,  
27 Texas Constitution.

1       (d) The creation of the district is in the public interest  
2 and is essential to:

3           (1) further the public purposes of developing and  
4 diversifying the economy of the state;

5           (2) eliminate unemployment and underemployment;

6           (3) develop or expand transportation and commerce; and

7           (4) provide quality residential housing.

8       (e) The district will:

9           (1) promote the health, safety, and general welfare of  
10 residents, employers, potential employees, employees, visitors,  
11 and consumers in the district, and of the public;

12           (2) provide needed funding for the district to  
13 preserve, maintain, and enhance the economic health and vitality of  
14 the district territory as a community and business center; and

15           (3) promote the health, safety, welfare, and enjoyment  
16 of the public by providing pedestrian ways and by landscaping and  
17 developing certain areas in the district, which are necessary for  
18 the restoration, preservation, and enhancement of scenic beauty.

19       (f) Pedestrian ways along or across a street, whether at  
20 grade or above or below the surface, and street lighting, street  
21 landscaping, parking, and street art objects are parts of and  
22 necessary components of a street and are considered to be a street  
23 or road improvement.

24       (g) The district will not act as the agent or  
25 instrumentality of any private interest even though the district  
26 will benefit many private interests as well as the public.

27       Sec. 3974.0105. DISTRICT TERRITORY. (a) The district is

1 composed of the territory described by Section 2 of the Act enacting  
2 this chapter, as that territory may have been modified under other  
3 law.

4 (b) The boundaries and field notes contained in Section 2 of  
5 the Act enacting this chapter form a closure. A mistake in the  
6 field notes or in copying the field notes in the legislative process  
7 does not affect the district's:

8 (1) organization, existence, or validity;

9 (2) right to contract;

10 (3) authority to borrow money or issue bonds or other  
11 obligations described by Section 3974.0601 or to pay the principal  
12 and interest of the bonds or other obligations;

13 (4) right to impose or collect an assessment, or  
14 collect other revenue; or

15 (5) legality or operation.

16 Sec. 3974.0106. APPLICABILITY OF MUNICIPAL MANAGEMENT  
17 DISTRICTS LAW. Except as otherwise provided by this chapter,  
18 Chapter 375, Local Government Code, applies to the district.

19 Sec. 3974.0107. CONSTRUCTION OF CHAPTER. This chapter  
20 shall be liberally construed in conformity with the findings and  
21 purposes stated in this chapter.

22 Sec. 3974.0108. CONFLICTS OF LAW. This chapter prevails  
23 over any provision of Chapter 375, Local Government Code, that is in  
24 conflict or inconsistent with this chapter.

25 Sec. 3974.0109. CONSENT OF MUNICIPALITY AND DEVELOPMENT  
26 AGREEMENT REQUIRED. (a) The board may not hold an election to  
27 authorize the issuance of bonds until:

1           (1) the governing body of the city by ordinance or  
2 resolution consents to the creation of the district and to the  
3 inclusion of land in the district; and

4           (2) the district, the city, and the owner or owners of  
5 a majority of the assessed value of real property in the district  
6 negotiate and execute a mutually approved and accepted development  
7 and operating agreement, including any limitations imposed by the  
8 city.

9           (b) The city's consent under Subsection (a) must be granted  
10 in the manner provided by Section 54.016, Water Code, for including  
11 land within the corporate limits or extraterritorial jurisdiction  
12 of a city.

13           Sec. 3974.0110. CONCURRENCE ON ADDITIONAL POWERS. If the  
14 territory of the district is located in the corporate boundaries or  
15 the extraterritorial jurisdiction of a municipality, the district  
16 may not exercise a power granted to the district after the date the  
17 district was created unless the governing body of the municipality  
18 by resolution consents to the district's exercise of the power.

19                   SUBCHAPTER B. BOARD OF DIRECTORS

20           Sec. 3974.0201. GOVERNING BODY; TERMS. The district is  
21 governed by a board of five directors who serve staggered terms of  
22 four years, with two or three directors' terms expiring June 1 of  
23 each even-numbered year. Five directors are appointed by the  
24 commission as provided by Section 3974.0202.

25           Sec. 3974.0202. APPOINTMENT BY COMMISSION. (a) Before the  
26 term of a director expires, the board shall recommend to the  
27 commission the appropriate number of persons to serve as successor

1 directors and may recommend additional persons to serve as  
2 successor directors. The commission shall appoint as directors the  
3 appropriate number of persons from the persons recommended by the  
4 board.

5 (b) A person recommended by the board under Subsection (a)  
6 must be:

7 (1) at least 18 years of age;

8 (2) an owner of property in the district;

9 (3) an owner of stock, whether beneficial or  
10 otherwise, of a corporate owner of property in the district;

11 (4) an owner of a beneficial interest in a trust that  
12 owns property in the district; or

13 (5) an agent, employee, or tenant of a person  
14 described by Subdivision (2), (3), or (4).

15 Sec. 3974.0203. VACANCY. If a vacancy occurs on the board,  
16 the remaining directors shall appoint a director for the remainder  
17 of the unexpired term.

18 Sec. 3974.0204. DIRECTOR'S OATH OR AFFIRMATION. (a) A  
19 director shall file the director's oath or affirmation of office  
20 with the district, and the district shall retain the oath or  
21 affirmation in the district records.

22 (b) A director shall file a copy of the director's oath or  
23 affirmation with the secretary of the city.

24 Sec. 3974.0205. OFFICERS. The board shall elect from among  
25 the directors a chair, a vice chair, and a secretary. The offices  
26 of chair and secretary may not be held by the same person.

27 Sec. 3974.0206. COMPENSATION; EXPENSES. (a) The district

1 may compensate each director in an amount not to exceed \$150 for  
2 each board meeting. The total amount of compensation a director may  
3 receive each year may not exceed \$7,200.

4 (b) A director is entitled to reimbursement for necessary  
5 and reasonable expenses incurred in carrying out the duties and  
6 responsibilities of the board.

7 Sec. 3974.0207. LIABILITY INSURANCE. The district may  
8 obtain and pay for comprehensive general liability insurance  
9 coverage from a commercial insurance company or other source that  
10 protects and insures a director against personal liability and from  
11 all claims relating to:

12 (1) actions taken by the director in the director's  
13 capacity as a member of the board;

14 (2) actions and activities taken by the district; or

15 (3) the actions of others acting on behalf of the  
16 district.

17 Sec. 3974.0208. NO EXECUTIVE COMMITTEE. The board may not  
18 create an executive committee to exercise the powers of the board.

19 Sec. 3974.0209. BOARD MEETINGS. The board shall hold  
20 meetings at a place that is accessible to the public and located in  
21 the district or in the city.

22 Sec. 3974.0210. INITIAL DIRECTORS. (a) On or after  
23 September 1, 2019, the owner or owners of a majority of the assessed  
24 value of the real property in the district according to the most  
25 recent certified tax appraisal rolls for the county may submit a  
26 petition to the commission requesting that the commission appoint  
27 as initial directors the five persons named in the petition. The

commission shall appoint as initial directors the five persons  
named in the petition.

(b) The initial directors shall determine by lot which three  
positions expire June 1, 2021, and which two positions expire June  
1, 2023.

(c) This section expires September 1, 2023.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 3974.0301. GENERAL POWERS AND DUTIES. The district  
has the powers and duties necessary to accomplish the purposes for  
which the district is created.

Sec. 3974.0302. IMPROVEMENT PROJECTS AND SERVICES. (a)  
Subject to Subsection (b), the district may provide, design,  
construct, acquire, improve, relocate, operate, maintain, or  
finance an improvement project or service using money available to  
the district, or contract with a governmental or private entity to  
provide, design, construct, acquire, improve, relocate, operate,  
maintain, or finance an improvement project or service authorized  
under this chapter or Chapter 375, Local Government Code.

(b) The district may not construct or finance an improvement  
project, other than a water, sewer, or drainage facility or road,  
unless the governing body of the city by ordinance or resolution  
consents to the construction or financing.

Sec. 3974.0303. LOCATION OF IMPROVEMENT PROJECT. A  
district improvement project may be located inside or outside of  
the district.

Sec. 3974.0304. ADDING TERRITORY. The district may add  
territory only if the governing body of the city by ordinance or



1 resolution consents to the addition.

2 Sec. 3974.0305. NO EMINENT DOMAIN POWER. The district may  
3 not exercise the power of eminent domain.

4 SUBCHAPTER D. DIVISION OF DISTRICT INTO MULTIPLE DISTRICTS

5 Sec. 3974.0401. DIVISION OF DISTRICT; PREREQUISITES. The  
6 district, including territory added to the district under Section  
7 3974.0306, may be divided into two or more new districts only if the  
8 district has no outstanding bonded debt. Territory previously  
9 added to the district under Section 3974.0306 may be included in a  
10 new district.

11 Sec. 3974.0402. LAW APPLICABLE TO NEW DISTRICT. This  
12 chapter applies to any new district created by division of the  
13 district, and a new district has all the powers and duties of the  
14 district.

15 Sec. 3974.0403. DIVISION PROCEDURES. (a) The board, on its  
16 own motion or on receipt of a petition signed by an owner of real  
17 property in the district, may adopt an order proposing to divide the  
18 district.

19 (b) If the board decides to divide the district, the board  
20 shall:

21 (1) set the terms of the division, including names for  
22 the new districts and a plan for the payment or performance of any  
23 outstanding district obligations;

24 (2) prepare a metes and bounds description for each  
25 proposed district; and

26 (3) appoint five initial directors for each new  
27 district.

1       Sec. 3974.0404. CONTRACT AUTHORITY OF NEW DISTRICTS. The  
2 new districts may contract with each other for any matter the boards  
3 of the new districts consider appropriate, including the joint  
4 construction or financing of a utility improvement.

5       Sec. 3974.0405. POWERS SUBJECT TO DEVELOPMENT AND OPERATING  
6 AGREEMENT. In addition to the other limitations provided by this  
7 chapter, the district's authority to exercise its powers is subject  
8 to the terms of the development and operating agreement required  
9 under Section 3974.0109, including the district's authority to:

10           (1) acquire, construct, or finance an improvement  
11 project or service under Section 3974.0502; and

12           (2) issue bonds, notes, certificates of  
13 participation, or other obligations under Section 3974.0601.

14       SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS; ASSESSMENTS

15       Sec. 3974.0501. DISBURSEMENTS AND TRANSFERS OF MONEY. The  
16 board by resolution shall establish the number of directors'  
17 signatures and the procedure required for a disbursement or  
18 transfer of the district's money.

19       Sec. 3974.0502. MONEY USED FOR IMPROVEMENTS OR SERVICES.  
20 The district may acquire, construct, or finance an improvement  
21 project or service authorized by this chapter or Chapter 375, Local  
22 Government Code, using any money available to the district.

23       Sec. 3974.0503. METHOD OF NOTICE FOR HEARING. The district  
24 may mail the notice required by Section 375.115(c), Local  
25 Government Code, by certified or first class United States mail.  
26 The board shall determine the method of notice.

27       Sec. 3974.0504. ASSESSMENTS; LIENS FOR ASSESSMENTS. (a)

1 The board by resolution may impose and collect an assessment for any  
2 purpose authorized by this chapter in all or any part of the  
3 district.

4 (b) An assessment, a reassessment, or an assessment  
5 resulting from an addition to or correction of the assessment roll  
6 by the district, penalties and interest on an assessment or  
7 reassessment, an expense of collection, and reasonable attorney's  
8 fees incurred by the district are:

9 (1) a first and prior lien against the property  
10 assessed;

11 (2) superior to any other lien or claim other than a  
12 lien or claim for county, school district, or municipal ad valorem  
13 taxes; and

14 (3) the personal liability of and a charge against the  
15 owners of the property even if the owners are not named in the  
16 assessment proceedings.

17 (c) The lien is effective from the date of the board's  
18 resolution imposing the assessment until the date the assessment is  
19 paid. The board may enforce the lien in the same manner that the  
20 board may enforce an ad valorem tax lien against real property.

21 (d) The board may make a correction to or deletion from the  
22 assessment roll that does not increase the amount of assessment of  
23 any parcel of land without providing notice and holding a hearing in  
24 the manner required for additional assessments.

25 (e) The district may not impose an assessment on a  
26 municipality, county, or other political subdivision.

27 Sec. 3974.0505. NOTICE OF ASSESSMENTS. Annually, the board

1 shall file with the secretary of the city written notice that  
2 specifies the assessments the district will impose in the  
3 district's next fiscal year in sufficient clarity to describe the  
4 assessments for the operation and maintenance of the district and  
5 the assessments for the payment of debt service of obligations  
6 issued or incurred by the district.

7 SUBCHAPTER F. TAXES AND BONDS

8 Sec. 3974.0601. BONDS AND OTHER OBLIGATIONS. (a) The  
9 district may issue, by public or private sale, bonds, notes, or  
10 other obligations payable wholly or partly from ad valorem taxes or  
11 assessments in the manner provided by Subchapter A, Chapter 372, or  
12 Subchapter J, Chapter 375, Local Government Code. Sections  
13 375.207(a) and (b), Local Government Code, do not apply to the  
14 district.

15 (b) In exercising the district's borrowing power, the  
16 district may issue a bond or other obligation in the form of a bond,  
17 note, certificate of participation or other instrument evidencing a  
18 proportionate interest in payments to be made by the district, or  
19 other type of obligation.

20 (c) In addition to the sources of money described by  
21 Subchapter A, Chapter 372, and Subchapter J, Chapter 375, Local  
22 Government Code, district bonds may be secured and made payable  
23 wholly or partly by a pledge of any part of the money the district  
24 receives from improvement revenue or from any other source.

25 SUBCHAPTER J. SPECIAL BOND PROVISIONS

26 Sec. 3974.1001. APPLICABILITY. This subchapter applies  
27 only to bonds payable wholly or partly from revenue derived from

1 assessments on real property in the district.

2 Sec. 3974.1002. CONFLICT OF LAWS. In the event of a  
3 conflict between this subchapter and any other law, this subchapter  
4 prevails.

5 Sec. 3974.1003. WRITTEN AGREEMENT REGARDING SPECIAL  
6 APPRAISALS. Before the district may issue bonds, the district and  
7 any person to whom the board intends that proceeds of the bonds be  
8 distributed, including the developer, another owner of land in the  
9 district, and any entity acting as a lender to the developer or  
10 other landowner for the purpose of a project relating to the  
11 district, must enter into a written agreement that:

12 (1) waives for the term of the agreement the right to a  
13 special appraisal with respect to taxation by the district under  
14 Subchapters B, C, D, E, F, and H, Chapter 23, Tax Code; and

15 (2) remains in effect for 30 years and is binding on  
16 the parties, on entities related to or affiliated with the parties,  
17 and on their successors and assignees.

18 Sec. 3974.1004. REQUIREMENTS FOR ADVERTISING BOND ISSUE. A  
19 district may not advertise for an issuance of bonds until the  
20 completion of at least 25 percent of the projected value of the  
21 improvements, including houses and other buildings, that are liable  
22 for district assessments and necessary to support the district  
23 bonds.

24 Sec. 3974.1005. REQUIREMENTS FOR BOND ISSUE. The district  
25 may not issue bonds until:

26 (1) the district submits to the commission:

27 (A) an engineer's report describing the project

for which the bonds will provide funding, including data, profiles, maps, plans, and specifications related to the project; and

(B) a cash flow analysis to determine the projected rate of assessment, which includes the following assumptions:

(i) each ending balance for debt service in the analysis is not less than 25 percent of the following year's debt service requirement;

(ii) interest income is only shown on the ending balance for debt service for the first two years; and

(iii) the projected rate of assessment is level or decreasing for the life of the bonds issued by the district;

(2) the completion of at least 75 percent of the projected value of the improvements, including houses and other buildings, that are liable for district assessments and necessary to support the district bonds; and

(3) the district has obtained an independent market study from a firm recognized in the area of real estate market analysis supporting the development projects for the real property that is liable for district assessments and necessary to support the district bonds.

Sec. 3974.1006. REQUIREMENTS FOR COLLECTION OF REVENUE TO PAY BONDS. The district may not collect an assessment to be used for the payment of bonds until:

(1) the completion of at least 95 percent of the underground water, wastewater, and drainage facilities financed

1 from bond proceeds that are necessary to serve the projected  
2 build-out, as certified by the district's engineer;

3 (2) the district or other appropriate party has  
4 secured the groundwater, surface water, and water discharge permits  
5 that are necessary to secure capacity to support the projected  
6 build-out;

7 (3) the completion of at least 95 percent of lift  
8 station, water plant, and sewage treatment plant capacity  
9 sufficient to serve the connections constructed in the project for  
10 a period of not less than 18 months, as certified by the district's  
11 engineer; and

12 (4) the completion of at least 95 percent of the  
13 streets and roads that are necessary to provide access to the areas  
14 served by utilities and financed by the proceeds of bonds issued by  
15 the district, as certified by the district's engineer and  
16 constructed in accordance with municipal or county standards.

17 SECTION 2. The Wright Farm Municipal Management District of  
18 Johnson County initially includes all the territory contained in  
19 the following area:

20 366.96 acres of land, being composed of the following 250.96 acre  
21 and 116 acre tracts:

22 Tract 1:

23 BEING 250.960 acres out of a called 490.289 acre tract of land  
24 located in the SAMUEL COOPER SURVEY, ABSTRACT NUMBER 159, Johnson  
25 County, Texas out of that certain tract of land conveyed to Mayfield  
26 Family Real Estate, LP, according to the deed recorded in  
27 Instrument Number 2010-10957, Deed Records of Johnson County, Texas

and being more particularly described as follows:

BEGINNING at a 1/2" capped iron rod stamped "RPLS 5614" found for corner, being the northeast corner of said Mayfield tract and also being in the apparent centerline intersection of County Road 904 and County Road 1017;

THENCE, South 01 degrees 04 minutes 35 seconds East, along the apparent centerline of said County Road 1017, 3135.29 feet to a 1/2" iron rod found for corner;

THENCE, South 89 degrees 45 minutes 13 seconds West, 2186.86 feet to a 3/8" iron rod found for corner;

THENCE, South 89 degrees 51 minutes 18 seconds West, 1306.03 feet to a 3/8" iron rod found for corner;

THENCE, North 01 degrees 04 minutes 35 seconds West, 3123.44 feet to a point in the north line of said Mayfield tract and the apparent centerline of said County Road 904 for corner;

THENCE, North 89 degrees 35 minutes 50 seconds East, along the apparent centerline of said County Road 904, 3492.73 feet to the POINT OF BEGINNING.

The tract of land herein described contains 250.960 acres of land.

Tract 2:

A part of the Dyer-Nuner Survey, in Johnson County, Texas, BEGINNING at a stake in the east line of the Mrs. M. H. Hadley tract of land out of the said Dyer-Nuner Survey as the same is now located and commonly known as the Hadley farm, the same being the S.E. corner of a 117 acre tract of land, conveyed to O. B. Hadley by H. O. Hadley

THENCE in a southerly direction 841 varas to a stake in the north



1 line of the Joshua and Godley public road for the southeast corner  
2 of this tract of land;

3 THENCE in a westerly direction with the north line of said Joshua  
4 and Godley Public Road 640 varas to a stake for corner, the same  
5 being the S.E. corner of a 40 acre tract heretofore deeded to W. B.  
6 Hadley, now deceased;

7 THENCE in a northerly direction with the east line of said W. B.  
8 Hadley 40 acre tract, 550 varas to its northeast corner;

9 THENCE in a westerly direction with the north line of the said W. B.  
10 Hadley 40 acre tract, 410 varas to a stake in the west line of the  
11 said M. J. Hadley tract of land;

12 THENCE in a northerly direction with said west line of said M. J.  
13 Hadley tract 201 varas to a stake for corner, the same being the S.  
14 W. corner of the 117 acre tract conveyed to H. O. Hadley;

15 THENCE in an easterly direction with the south line of said H. O.  
16 Hadley 117 acre tract, the same being the north line of this tract  
17 here described 1050 varas to the place of beginning, containing 117  
18 acres of land, more or less.

19 SECTION 3. (a) The legal notice of the intention to  
20 introduce this Act, setting forth the general substance of this  
21 Act, has been published as provided by law, and the notice and a  
22 copy of this Act have been furnished to all persons, agencies,  
23 officials, or entities to which they are required to be furnished  
24 under Section 59, Article XVI, Texas Constitution, and Chapter 313,  
25 Government Code.

26 (b) The governor, one of the required recipients, has  
27 submitted the notice and Act to the Texas Commission on

1 Environmental Quality.

2 (c) The Texas Commission on Environmental Quality has filed  
3 its recommendations relating to this Act with the governor,  
4 lieutenant governor, and speaker of the house of representatives  
5 within the required time.

6 (d) All requirements of the constitution and laws of this  
7 state and the rules and procedures of the legislature with respect  
8 to the notice, introduction, and passage of this Act have been  
9 fulfilled and accomplished.

10 SECTION 4. This Act takes effect September 1, 2019.

H.B. No. 4744

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President of the Senate

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Speaker of the House

I certify that H.B. No. 4744 was passed by the House on May 7, 2019, by the following vote: Yeas 127, Nays 17, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 4744 was passed by the Senate on May 22, 2019, by the following vote: Yeas 28, Nays 3.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor